

# Medicare Part D

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On December 8, 2003 Congress passed legislation providing prescription drug coverage to Medicare beneficiaries effective January 1, 2006. This coverage is referred to as Medicare Part D. To be eligible for Part D, a person has to be entitled to Medicare Part A and/or enrolled in Medicare Part B. Part D coverage is provided by private companies. The beneficiary will enroll in a plan and pay a monthly premium. There are two types of prescription drug plans.

1. Prescription Drug Plans (PDP)  
This type is a stand alone prescription drug plan which can be added to a beneficiary's Original Medicare Plan or a Medicare Advantage Plan that does not offer prescription drug coverage.
2. Medicare Advantage Prescription Drug Plans (MA-PDP)  
This type of plan allows a beneficiary to get all their Medicare services, including prescription drug coverage, through a network of doctors, hospitals and pharmacies.

In addition to a premium, a beneficiary may be responsible for paying a share of their prescription drug costs. Those with limited income and resources may get extra help to cover Medicare Part D basic premium, partial co-pays, and deductibles. This is called Medicare Part D Subsidy or Low Income Subsidy.

# Part D Enrollment

All Medicare beneficiaries must enroll in a Part D plan to receive coverage. There are designated open enrollment periods when a person can enroll or change plans. If a beneficiary does not enroll when first eligible, they may be assessed a penalty for late enrollment. The fee is 1% per month for every month enrollment was delayed. This fee is calculated on the base Medicare premium for the calendar year. The base premium for 2010 is \$35.77.

A premium penalty will not be assessed if a beneficiary has creditable coverage.

**Creditable coverage** means a person has other prescription insurance which is as good as or better than Part D insurance. For those Medicare beneficiaries that have other coverage, they need to speak to their benefit administrator to find out how Part D impacts their current insurance.

## Special Enrollment Provisions for Medicare and Medicaid Consumers



### Can Enroll or Change Plans Monthly

- Coverage is effective the first month of Medicaid eligibility



### If they do not choose and enroll in a plan

- When Medicaid or Medicare Savings Plan (QMB/LMB/ELMB) is approved and the consumer has not chosen a Part D plan, CMS/Medicare will auto-enroll if they do not have creditable coverage. The consumer will be randomly enrolled in one of the 9 Part D plans available with NO premium.
- When Medicaid or Medicare Savings Plan is approved and the consumer with creditable coverage has **NOT** picked a Part D plan, the system will **NOT** auto-enroll or pick a Part D plan for them. Examples of creditable coverage would include VA, TriCare, or private company retiree plans. Creditable coverage means prescription coverage is '**as good as**' Medicare Part D coverage.

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